

**REMARKS BEFORE THE SENATE REFORMS & RESTRUCTURING COMMITTEE
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MICHIGAN AFSCME COUNCIL 25**

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Mr. Chairman and Members of the Committee:

For the record, my name is Nick Ciaramitaro and I am Director of Public Policy for Michigan AFSCME Council 25. Michigan AFSCME represents more than 90,000 workers who provide public and related services across the entire State.

We are greatly concerned about the direction much of the legislation presented before this Committee is taking for several reasons and I would like to start by correcting what appear to be some misperceptions.

First, Michigan AFSCME and other unions share the concerns of this committee and of this Legislature regarding the fiscal situation of the State. We are aware of the need to save money and our members have been willing to sacrifice. Michigan state workers have made concessions over the last decade and in the last contract made concessions equal to more than 4% of the average salary. Our organization has reached a tentative agreement with the State for our share of an additional \$50 million in concessions. And state workers everywhere have been working with local units of government to help solve their financial problems.

Second, there seems to be many who believe that unions get whatever they ask for at the bargaining table. That of course is not true.

We oppose the proposed SJR P and Senate Bill 1046 not on the basis of the benefit levels set but because we believe that local decisions are best made at the local level. The mandate on the amount of premium paid through direct employee contribution or direct employer contribution again attempts to take one piece of an employee compensation package out of the collective bargaining process.

The impact such an action would take is very disparate. When a compensation package is negotiated each cost component is contingent on all the other cost components. Some units choose to put more money into benefits, others into wages, still others into hours and even others into number of employees. That means some units are now paying zero percent of their health care premium but have chosen higher deductibles or co-pays or lower wage structures. Others are paying 10% or more but receiving higher wages. To superimpose a new mandatory 20% would mean workers being hit disproportionately.

Further, the impact on workers is different depending on their pay scale. A worker making \$70,000 a year may be able to absorb (albeit with some difficulty) increased health care contributions but one making near the poverty level wages – and there are many in the public sector – may face foreclosure because of this added burden.

In short, one size simply does not fit all. The individual impact can and should be dealt with at the local level.

We further strongly oppose SB. 1074. SB 1074 would require all school districts to bid out certain non-instructional support services. As originally introduced, it would prohibit public employers from employing custodians, food service personnel and bus drivers. The fact is that local school districts can and should make these decisions locally.

The substitute tries to improve the bill by requiring the local school districts to compare wage costs with contract costs. But local school districts already have the option of considering contracting and are already involved in making comparisons on cost and quality.

There are many examples of school districts deciding against outsourcing for a number of reasons. In others, school districts recognize a difference in quality. In still others parents prefer the security they feel by having consistent personnel interacting with their children. Finally, many local businesses are concerned that food service outsourcing may mean more reliance on out of community or out of state products.

In many cases it is more economical to provide these services in house when the cost of bidding, monitoring of contracts, provision of goods and decreased coverage of needed services is taken into account. For instance, some school districts may hire a cleaning company only to find out they have to hire someone else every time a minor repair is needed or a light needs to be changed.

Finally, school districts wisely take into consideration the quality of the service provided.

A state mandate to go through a bid process, even if the locally elected school board chooses against outsourcing, is an unnecessary expense that school districts cannot afford in today's economy

The bill also requires the Superintendent of Public Instruction to develop and make available a model competitive bidding process. The Superintendent has already sought additional staff to meet the many academic and oversight requirements imposed on that office in the Race to the Top package. Therefore, the bill ignores the additional cost that this effort will impose on the State as well.

Finally, recent changes to the Public Employees Relations Act require local school districts to bargain over a bidding process that is equal whenever it considers outsourcing non-instructional support services. This provision appears to conflict with that provision and the bill therefore may constitute an unconstitutional amendment by reference.

Michigan has long honored the rights of workers to fairly and openly negotiate over their wage and benefit packages. It also has a long history of recognizing the rights of local units of government to conduct their own affairs. We urge you to continue to do so.